

THE OFFICE OF REGULATORY STAFF

DIRECT TESTIMONY

OF

ROBERT A. LAWYER

March 4, 2010



DOCKET NO. 2010-2-E

**ANNUAL REVIEW OF BASE RATES FOR FUEL COSTS
SOUTH CAROLINA ELECTRIC AND GAS
COMPANY**

DIRECT TESTIMONY OF

ROBERT A. LAWYER

ON BEHALF OF

THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF

DOCKET NO. 2010-2-E

IN RE: ANNUAL REVIEW OF BASE RATES FOR FUEL COSTS

SOUTH CAROLINA ELECTRIC & GAS COMPANY

**Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND
OCCUPATION.**

A. My name is Robert A. Lawyer. My business address is 1401 Main Street, Suite 900, Columbia, South Carolina, 29201. I am employed by the South Carolina Office of Regulatory Staff (“ORS”) in the Audit Department, as an Auditor.

**Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND
EXPERIENCE.**

A. I received a B.S. Degree in Financial Management, with a concentration in Corporate Finance from Clemson University in 1994. Prior to joining ORS, I held a variety of positions in finance, accounting, auditing, and management. I began my employment as an auditor with ORS in April 2007 and have participated in various cases involving the regulation of electric and water utilities.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of my testimony is to present the results of ORS Audit Staff's examination of the books and records pertaining to South Carolina Electric & Gas Company's ("the Company" or "SCE&G") Fuel Adjustment Clause ("FAC") operation. The current review period consists of actual information from January 2009 through December 2009 and the Company's estimated calculations for the months of January through April 2010 (Docket No. 2010-2-E). The findings of the examination of the actual review period are set forth below and in the exhibits attached to this testimony.

Q. WHAT WAS THE PURPOSE OF THIS EXAMINATION?

A. The purpose of this examination was to determine whether the Company's accounting practices in computing and applying the monthly Fuel Adjustment Clause have been in compliance with S.C. Code Ann. §58-27-865, which includes variable environmental costs. To accomplish this task, ORS examined the components associated with the operation of the clause.

Q. WHAT WAS THE SCOPE OF ORS'S EXAMINATION?

A. ORS Audit Staff examined and verified the monthly fuel adjustment factor calculations and the fuel recovery balances recorded in the Company's books and records. The current fuel examination covered the actual period of January through December 2009 ("actual review period") and four (4) estimated months from January to April 2010. ORS Audit Staff did not examine the months

1 of January, February, March, and April 2010 since these were Company estimated
2 figures. The Audit Department's examination consisted of:

3 1. Analyzing the Fuel Stock Account- Account #151

4 ORS's analysis of the Fuel Stock Account consisted of verifying receipts to
5 the fuel management system and issues from the fuel management system to
6 the general ledger, examining monthly fuel charges originating in fuel
7 accounting, and ensuring that only proper charges were entered in the
8 Company's computation of fuel costs for purposes of adjusting base rates for
9 fuel costs.

10 2. Sampling Receipts to the Fuel Stock Account- Account #151

11 ORS's review of receipts to the Fuel Stock Account consisted of the
12 examination and testing of transactions, on a sample basis, which support
13 additions to the account. Each transaction examined was tested for
14 mathematical accuracy, and vouched to a corresponding waybill or truck bill,
15 coal receiving report and freight study detailed report. Each transaction was
16 then verified to a fuel management system payment voucher to prove payment
17 of the correct amount to the vendors.

18 3. Verifying Charges to Nuclear Fuel Expense- Account #518

19 ORS traced the expense amounts for nuclear fuel to the books and records for
20 the actual review period to verify the accuracy of these expenses to fuel
21 amortization schedules.

22 4. Verifying Purchased and Interchange Power Fuel Costs

1 ORS verified the Company's Purchased and Interchange Power Fuel Costs,
2 kilowatt-hour ("kWh") purchases and sales for the actual review period to
3 various "Energy Received and Energy Delivered" summary reports,
4 Purchases, Sales and Interchange Power schedules, and on a sample basis, to
5 monthly invoices. ORS recomputed the Company's sales and purchases.

6 The Purchased and Interchange Power figures for the actual review period and
7 the resultant over(under)-recovery monthly deferred fuel amounts for the
8 period reflect calculations which conform to S.C. Code Ann. §58-27-865. This
9 statute addresses "fuel costs related to purchased power." Subsection
10 (A)(2)(b) of this statute states that the total delivered cost of economy
11 purchases including, but not limited to, transmission charges, are included in
12 Purchased Power Costs if those purchases are "less than the purchasing
13 utility's avoided variable costs for the generation of an equivalent quantity of
14 electric power." ORS applied this statute to the examined economic purchases
15 along with the applicable avoided costs. ORS noted no exceptions to
16 Purchased Power Costs.

17 5. Verifying kWh Sales

18 ORS verified total system sales, as filed in the monthly fuel factor
19 computation, to monthly Class/Rate Summary reports for the actual review
20 period. The monthly kWh sales figures were then used to determine the fuel
21 cost per kWh sold.

22 6. Recalculating the Fuel Adjustment Factors and Verifying the Deferred Fuel
23 Costs

1 ORS recalculated the Fuel Cost Adjustment Factors for the actual review
2 period utilizing information obtained from the Company's records. ORS
3 verified the Total Fuel Costs for the actual review period to the Company's
4 books and records. In recalculating the monthly factors, ORS divided the
5 Total Fuel Costs by Total System Sales to arrive at fuel costs per kWh sales.
6 The base fuel cost per kWh, included in the base rates, is then subtracted from
7 the fuel cost per kWh sales. The resulting figure represents the fuel cost
8 adjustment above or below the base rate per kWh sales. The South Carolina
9 Retail Jurisdictional kWh deferrals were checked against the Company's
10 records. The actual Deferred Fuel Costs for each month were then verified to
11 the Company's books and records.

12 7. Recalculating the True-up for the Over(Under)-Recovered Fuel Costs

13 ORS analyzed and recomputed the cumulative over(under)-recovery of actual
14 fuel costs for the period January 2009 through December 2009 of
15 (\$89,477,296) and estimated fuel costs through April 2010 of (\$68,480,892).
16 In addition, ORS recomputed the cumulative over(under)-recovery of actual
17 environmental fuel costs for the period January 2009 through December 2009
18 of \$13,544,222 and of estimated environmental fuel costs through April 2010
19 of \$11,945,484.

20 8. Details of the Company's Received Fuel Coal Costs

21 ORS prepared exhibits based upon information obtained from SCE&G's
22 books and records and other sources reflecting coal costs during the review
23 period. Specifically, these exhibits are as follows:

1 Carolinas, Inc. ORS has shown, for comparison purposes, the monthly averages
2 of the invoice cost per ton, freight cost per ton, total cost per ton and the cost per
3 MBTU.

4 **AUDIT EXHIBIT RAL-4: BURNED COST – CONSUMED GENERATION**

5 This audit exhibit reflects the per book cost of burned fuel used for generation
6 during the actual review period. The burned cost of each class of fuel is shown
7 separately. These costs are used in the computations for the base fuel factor. The
8 SO₂ emission allowance expenses and other variable environmental costs, as
9 described in §58-27-865 (A)(1)(Supp. 2009), are shown separately.

10 **AUDIT EXHIBIT RAL-5: COST OF FUEL**

11 This audit exhibit reflects ORS's computation of the total fuel cost applicable to
12 the base fuel factor computation. There are three (3) components used in arriving
13 at this cost. These components are:

- 14 (1) Total Cost of Fuel Burned;
15 (2) Purchased and Interchange Power Fuel Cost; and
16 (3) Fuel Cost Recovered from Intersystem Sales.

17 Cost of Fuel Burned--- This amount is the burned cost of all fossil and nuclear fuel
18 burned during the review period used in the Base Fuel Component computation.
19 A detailed breakdown of coal, oil, gas and nuclear fuel can be seen in Audit
20 Exhibit RAL-4.

21 Purchased and Interchange Power Fuel Cost--- This amount is the monthly cost of
22 kWh's received by SCE&G from other electric utilities or power marketers.

Fuel Cost Recovered from Intersystem Sales--- This amount is the fuel-related cost of kWh sales during the period to another electric utility and/or power marketer. Total fuel cost applicable to the Base Fuel Component Factor is computed by adding the cost of fuel burned to purchased and interchange power fuel costs. This amount is then reduced by fuel associated with intersystem sales.

AUDIT EXHIBIT RAL-6: COMPUTATION OF UNBILLED REVENUE

Shown in this audit exhibit are the actual base fuel cost computations for the actual review period and the estimated fuel costs for January through April 2010.

The exhibit also shows various adjustments and the base fuel cost computation of the cumulative over(under)-recovery balances for January through December 2009.

AUDIT EXHIBIT RAL-7: TOTAL ENVIRONMENTAL COSTS

Shown in this audit exhibit are the total environmental costs for the actual review period for sulfur dioxide (SO₂) and nitrogen oxide (NO_x) emission allowances, lime, limestone and ammonia.

AUDIT EXHIBIT RAL-8: DETAILS OF ENVIRONMENTAL COSTS

Shown in this audit exhibit are the actual fuel cost computations for the actual review period for sulfur dioxide (SO₂) and nitrogen oxide (NO_x) emission allowances, lime, limestone, ammonia, and the estimated variable environmental costs for January through April 2010.

Q. WOULD YOU PLEASE EXPLAIN THE AMOUNT BROUGHT FORWARD FOR THE CUMULATIVE OVER(UNDER)-RECOVERY BALANCE IN AUDIT EXHIBIT RAL-6?

1 **A.** Yes. As reflected in Audit Exhibit RAL-6, ORS brought forward a
2 cumulative (under)-recovery balance from December 2008 of (\$130,199,721).
3 The Company's testimony reflects an (under)-recovery balance of (\$154,889,361)
4 brought forward from December 2008 {Allen Rooks' EXHIBIT NO. (AWR-1)}.
5 The difference between the two balances is an over-recovery amount of
6 \$24,689,640 that reflects the ORS's over-recovery adjustments from the prior
7 review period, Docket No. 2009-2-E, for \$24,305,022 and \$384,617, which were
8 not reflected on Rook's EXHIBIT NO. (AWR-1) until April 2009. There is also a
9 \$1 rounding difference.

10 **Q. PLEASE ELABORATE ON ORS AUDIT STAFF'S COMPUTATION OF**
11 **THE TRUE-UP OF OVER(UNDER)-RECOVERED FUEL COSTS.**

12 **A.** ORS Audit Exhibit RAL-6, entitled "Computation of Unbilled Revenue"
13 provides details for ORS's calculation of the actual cumulative (under)-recovery
14 balance through December 2009, and the estimated balance through April 2010.
15 The cumulative (under)-recovery amount totaled (\$89,477,296) through
16 December 2009. ORS then added the estimated (under)-recovery of (\$3,231,900)
17 for January 2010, estimated over-recoveries of \$4,190,871 for February 2010,
18 \$897,858 for March 2010 and \$1,833,366 for April 2010. In addition, we included
19 the monthly carrying costs approved in Docket No. 2009-2-E, the monthly
20 calculation amount of \$1,785,357 for the Urquhart and Jasper Fixed Capacity
21 Charges and NCEMC sales cost allocation adjustment, the Company's estimated
22 on-going adjustments for 'cycle billing' Unbilled Fuel Cost Over(Under)-
23 Recoveries, and the Company's estimated over-recovery adjustment of

1 \$17,388,364 in April 2010, to arrive at a cumulative (under)-recovery balance of
2 (\$68,480,892) through April 2010. The Company's pre-filed testimony {Rooks'
3 EXHIBIT NO. __ (AWR-1)} in this docket lists the cumulative (under)-recovery
4 total through December 2009 as (\$89,916,955) and through April 2010, the
5 cumulative (under)-recovery totals (\$68,920,551). The differences between
6 ORS's and the Company's balances stem from an ORS over-recovery adjustment
7 made in December 2009. This adjustment is addressed later in my testimony as
8 ORS Adjustment (5).

9 **Q. DID THE COMPANY MAKE ANY ADJUSTMENTS OR TRUE-UPS**
10 **DURING THE ACTUAL REVIEW PERIOD FOR THE BASE FUEL**
11 **COMPONENT?**

12 **A.** Yes. The Company made the following adjustments as shown on Audit
13 Exhibit RAL-6:

14 **Adjustment (1)**—As of May 2009, pursuant to the Settlement Agreement
15 approved in PSC Docket No. 2009-2-E, Order No. 2009-289, a monthly carrying
16 cost was applied to an (under)-recovery balance of (\$82,347,982.51). The
17 calculation used a monthly interest rate based on the 3-year U.S. Government
18 Treasury Note as of the first day of the month as reported in the Wall Street
19 Journal, plus 65 basis points (0.65 percentage points). Once during the review
20 period, in September 2009, the cumulative (under)-recovery balance was below
21 the (\$82,347,982.51) carrying cost calculation benchmark. Therefore, the lower
22 September 2009 cumulative (under)-recovery balance was used as a benchmark in
23 the monthly calculation. The monthly carrying cost has been collected as an

1 (under)-recovery entry to the Deferred Fuel Account (Account # 182.3004). ORS
2 examined and recomputed the carrying charges for these entries, with no
3 exceptions noted.

4 **Adjustment (2)**—As described in PSC Docket No. 2009-2-E, the Company has a
5 regular monthly reduction adjustment to the Deferred Fuel Account, shown as an
6 over-recovery amount of \$1,785,357. This amount consists of the Urquhart Plant
7 and the Jasper Plant (Combined Cycle) monthly Fixed Capacity Charges of
8 \$673,417 and \$910,166, respectively, which are treated, in accordance with PSC
9 Orders No. 2003-38 and No. 2005-2, on a retail basis, as over-recovery Deferred
10 Fuel entries; and a NCEMC Sales cost allocation correction over-recovery
11 adjustment of \$201,774. ORS examined and recomputed the adjustments with no
12 exceptions noted.

13 **Adjustment (3)**—In various months of the review period, the Company had
14 several over(under)-recovery adjustments to the cumulative balances of the
15 Deferred Fuel Account (Account #182.3004). They are as follows:

16 **(3A)**- In the months of January and February 2009, the Company understated
17 their fuel expenses billed from Cogen South. On a retail basis, these amounts
18 were \$1,051,254 for January and \$969,231 for February, for a total (under)-
19 recovery adjustment of (\$2,020,485) which the Company booked in March 2009.

20 **(3B)**- During the months of January through August 2009, the Company
21 overstated their Purchased Power Interchange Delivered transportation charges to
22 a contractual vendor which resulted in an (under)-recovery adjustment of
23 (\$302,161). This adjustment was booked by the Company in September 2009.

1 **(3C)-** In November 2009, the Company made an over-recovery adjustment of
2 \$77,827. This adjustment was necessary to correctly apply previously omitted off-
3 system sales delivery charges to Purchased Power Interchange Delivered fuel
4 costs for the months of January through October 2009.

5 **(3D)-** The over-recovery adjustment of (\$13,583,360) made in December 2009
6 consists of two parts, as follows:

7 1) As stated in Allen Rooks' direct testimony on page 5, line 20, the
8 Company applied a \$13,600,455 over-recovery adjustment to credit
9 the base fuel (under)-collected balance in order to reflect the
10 Company's lower depreciation rates that became effective in January
11 2009.

12 2) An (under)-recovery adjustment was made to reflect the Company's
13 understatement of Purchased Power Interchange Received in October
14 2009 and translated to a retail (under)-recovery adjustment amount of
15 (\$17,095).

16 These two adjustments equate to a net over-recovery adjustment of \$13,583,360.
17 ORS examined and recomputed all of the previous adjustments (3A-3D) with no
18 exceptions noted.

19 **(3E)-** This over-recovery adjustment of \$17,388,364 in April 2010 is addressed in
20 Company witness Tami Haselden's direct testimony regarding Economic Impact
21 Zone ("EIZ") Tax Credits. It should be noted that this particular adjustment is a
22 proposed reduction in estimated April 2010. ORS does not oppose the Company's
23 request related to this adjustment as it benefits the ratepayers.

1 **Adjustment (4)-** For clarification purposes in the fuel review process, as of
2 December 2008 and going forward in the estimated and forecasted months, the
3 Company reflects an adjustment to account for the ‘timing difference’ associated
4 with unbilled revenue per electric sales not yet billed due to the regular ‘cycle
5 billing’ process versus the Fuel Adjustment Clause process which reflects all of
6 its unbilled fuel transactions (sales and costs) on a full monthly basis. ORS’s
7 (under)-recovery adjustment of (\$3,671,609) reflects the true-up to the
8 Company’s per book cycle billing balance from the previous fuel review (Docket
9 No. 2009-2-E) as well as January through April 2009. The recurring adjustments
10 throughout the current review period are reflective of their respective months (per
11 Account #182.3028). ORS examined and recomputed this adjustment with no
12 exceptions noted.

13 **Q. DID ORS MAKE ANY ADJUSTMENTS OR TRUE-UPS DURING THE**
14 **ACTUAL REVIEW PERIOD FOR THE BASE FUEL COMPONENT?**

15 **A. Yes.** ORS made the following adjustment:

16 **Adjustment (5)-** Based on a physical analysis of the Company’s coal levels, in
17 June 2009 the Company made an adjustment to capitalize impacted coal at several
18 of its coal plants. With regards to the Canadys Plant, the inventory observation
19 identified an additional 4,438.59 tons not included in inventory per books. For
20 book purposes, this additional tonnage should have been reflected as an increase
21 to coal inventory and as a reduction to burned coal fuel expense. The Company
22 did not make an adjustment for these additional tons. Therefore, using the June
23 2009 fuel costs and inventory information for calculation purposes, ORS made an

1 consumed in reducing or treating emissions, and (b) the cost of emission
2 allowances, as used, including allowances for SO₂, NO_x, mercury and
3 particulates.” Audit Exhibit RAL-8, entitled “Details of Environmental Costs,”
4 provides the details needed to calculate the variable environmental costs included
5 in the fuel factor. In addition, effective May 3, 2007, SO₂ emission allowances
6 were included in the environmental cost factor of the FAC. Prior to that date,
7 these costs had been included in the base fuel factor under the FAC.

8 ORS Audit Exhibit RAL-8 provides data for ORS’s cumulative
9 environmental cost over-recovery balance through December 2009, and the
10 estimated cumulative over-recovery balance through April 2010. The cumulative
11 environmental cost over-recovery amount totaled \$13,544,222 through December
12 2009. ORS then added the monthly estimated over(under)-recoveries for January
13 through April 2010; and included the Company’s estimated on-going adjustments
14 for ‘cycle billing’ Unbilled Fuel Cost Over(Under)-Recoveries to arrive at a
15 cumulative over-recovery of \$11,945,484 through April 2010. The Company’s
16 pre-filed testimony {Rooks’ EXHIBIT NO.__(AWR-3)} in this docket lists the
17 cumulative environmental cost over-recovery total through December 2009 as
18 \$13,544,221 and through April 2010 as \$11,945,484. ORS and the Company’s
19 figures are in agreement through April 2010.

20 **Q. DID THE COMPANY MAKE ANY ADJUSTMENTS OR TRUE-UPS**
21 **DURING THE ACTUAL REVIEW PERIOD FOR THE**
22 **ENVIRONMENTAL COST COMPONENT?**

1 incurred by the Company in accordance with previous Commission orders and
2 with S.C. Code Ann. §58-27-865.

3 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

4 **A. Yes, it does.**

South Carolina Electric & Gas Company
Total Received and Weighted Average Cost
January 2009 - December 2009
Docket No. 2010-2-E

<u>Month</u>	<u>Coal</u>		<u>#2 Oil</u>		<u>Gas</u>	<u>Total Received Cost</u>
	Tons	\$	Gal	\$	MCF	\$
Jan-09	444,037	47,530,043	233,550	358,629	1,764,496	60,468,416
Feb-09	450,132	47,415,241	263,309	374,101	2,171,302	61,654,568
Mar-09	557,793	58,840,581	405,993	567,865	3,957,537	79,390,334
Apr-09	406,723	44,601,162	164,578	270,038	3,072,472	59,204,414
May-09	439,950	48,569,344	208,130	352,968	3,172,027	63,704,098
Jun-09	401,082	43,795,673	222,785	431,820	4,584,553	66,273,522
Jul-09	568,138	63,564,888	118,777	253,968	4,969,156	85,271,513
Aug-09	602,499	67,240,472	155,746	327,416	5,526,818	89,842,252
Sep-09	410,123	48,415,332	52,032	100,525	5,681,094	70,843,780
Oct-09	540,829	59,986,065	1,014,255	2,129,238	5,700,682	89,669,919
Nov-09	321,727	37,820,247	164,802	349,190	4,722,945	59,803,051
Dec-09	459,740	54,371,458	1,072,305	2,216,643	2,945,274	75,873,466
Total	5,602,773	622,150,506	4,076,262	7,732,401	48,268,356	861,999,333
Weighted Average	<u>111.04</u>		<u>1.90</u>		<u>4.81</u>	

South Carolina Electric & Gas Company
Received Coal - Cost Per Ton (Per Plant)
January 2009 - December 2009
Docket No. 2010-2-E

<u>Plant</u>	<u>Jan-09</u>	<u>Feb-09</u>	<u>Mar-09</u>	<u>Apr-09</u>	<u>May-09</u>	<u>Jun-09</u>	<u>Jul-09</u>	<u>Aug-09</u>	<u>Sep-09</u>	<u>Oct-09</u>	<u>Nov-09</u>	<u>Dec-09</u>
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Canadys	94.41	102.88	106.92	100.12	102.90	108.03	109.82	112.87	119.59	109.14	0.00	0.00
Cope	144.27	106.59	106.67	124.03	107.91	96.43	106.98	112.51	102.12	111.82	125.91	128.30
McMeekin	98.20	129.92	119.73	102.29	106.72	157.00	136.85	107.31	130.20	123.38	113.86	118.67
Urquhart	93.88	0.00	129.55	0.00	86.99	97.28	97.28	99.70	99.16	98.77	100.32	98.89
Wateree	110.49	115.46	114.10	104.87	114.55	119.22	119.10	112.42	121.20	114.35	114.44	128.46
Williams	94.06	88.08	96.91	111.59	109.35	101.97	103.31	111.56	120.74	106.16	118.01	108.28
Total System	107.04	105.34	105.49	109.66	110.40	109.19	111.88	111.60	118.05	110.92	117.55	118.27

**South Carolina Electric & Gas Company
Received Coal - Cost Per Ton Comparison
January 2009 - December 2009
Docket No. 2010-2-E**

South Carolina Electric & Gas Company

<u>Month</u>	<u>Invoice Cost Per Ton</u>	<u>Freight Cost Per Ton</u>	<u>Total Cost Per Ton</u>	<u>Cost Per MBTU</u>
	\$	\$	\$	\$
Jan-09	77.10	29.94	107.04	4.2400
Feb-09	75.38	29.96	105.34	4.1800
Mar-09	77.88	27.61	105.49	4.1800
Apr-09	82.23	27.43	109.66	4.3600
May-09	84.24	26.16	110.40	4.3800
Jun-09	78.28	30.91	109.19	4.3100
Jul-09	83.05	28.83	111.88	4.4000
Aug-09	84.22	27.38	111.60	4.4000
Sep-09	86.85	31.20	118.05	4.6500
Oct-09	87.80	23.12	110.92	4.3900
Nov-09	84.10	33.45	117.55	4.6300
Dec-09	93.50	24.77	118.27	4.6800

Duke Energy Carolinas

<u>Month</u>	<u>Invoice Cost Per Ton</u>	<u>Freight Cost Per Ton</u>	<u>Total Cost Per Ton</u>	<u>Cost Per MBTU</u>
	\$	\$	\$	\$
Jan-09	65.16	22.72	87.88	3.6039
Feb-09	65.27	22.20	87.47	3.5516
Mar-09	67.52	22.52	90.04	3.6666
Apr-09	68.00	19.91	87.91	3.5594
May-09	70.29	19.78	90.07	3.6611
Jun-09	66.36	20.12	86.48	3.5020
Jul-09	70.57	21.13	91.70	3.7133
Aug-09	71.29	21.26	92.55	3.7269
Sep-09	67.58	22.98	90.56	3.6752
Oct-09	68.45	22.16	90.61	3.6870
Nov-09	68.20	22.66	90.86	3.6984
Dec-09	69.56	24.89	94.45	3.8442

South Carolina Electric & Gas Company
Received Coal - Cost Per Ton Comparison
January 2009 - December 2009
Docket No. 2010-2-E

Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc.

<u>Month</u>	<u>Invoice Cost Per Ton</u>	<u>Freight Cost Per Ton</u>	<u>Total Cost Per Ton</u>	<u>Cost Per MBTU</u>
	\$	\$	\$	\$
Jan-09	72.78	26.44	99.22	4.0207
Feb-09	68.95	21.98	90.93	3.6559
Mar-09	70.68	24.50	95.18	3.8671
Apr-09	68.06	20.74	88.80	3.6075
May-09	69.04	21.14	90.18	3.6625
Jun-09	67.03	21.06	88.09	3.5793
Jul-09	70.32	22.36	92.68	3.7628
Aug-09	73.99	23.06	97.05	3.9293
Sep-09	74.04	24.55	98.59	3.9985
Oct-09	77.66	23.56	101.22	4.1046
Nov-09	76.76	14.52	91.28	3.7088
Dec-09	73.24	23.13	96.37	3.9084

South Carolina Electric & Gas Company

Burned Cost - Consumed Generation

January 2009 - December 2009

Docket No. 2010-2-E

Used for Base Fuel Factor:

<u>Month</u>	<u>Coal</u>		<u>#2 Oil</u>		<u>Gas</u>		<u>Nuclear</u>		<u>Total Burned Cost</u>
	\$	%	\$	%	\$	%	\$	%	\$
Jan-09	37,409,638	70.74%	622,354	1.18%	12,564,618	23.76%	2,287,994	4.32%	52,884,604
Feb-09	25,924,505	60.90%	716,960	1.68%	13,862,960	32.56%	2,067,755	4.86%	42,572,180
Mar-09	20,910,727	47.14%	1,179,273	2.66%	19,978,981	45.04%	2,289,594	5.16%	44,358,575
Apr-09	18,784,947	52.49%	454,232	1.27%	14,332,851	40.05%	2,216,478	6.19%	35,788,508
May-09	27,827,367	61.61%	271,928	0.60%	14,781,774	32.73%	2,287,067	5.06%	45,168,136
Jun-09	39,446,991	61.70%	230,252	0.36%	22,046,014	34.48%	2,211,588	3.46%	63,934,845
Jul-09	38,632,900	61.81%	133,732	0.22%	21,452,657	34.32%	2,283,297	3.65%	62,502,586
Aug-09	37,321,502	60.23%	84,121	0.14%	22,274,364	35.95%	2,281,900	3.68%	61,961,887
Sep-09	31,430,582	56.02%	141,737	0.25%	22,327,870	39.79%	2,211,683	3.94%	56,111,872
Oct-09	34,582,032	55.05%	389,778	0.62%	27,553,038	43.86%	291,907 *	0.47%	62,816,755
Nov-09	29,498,666	57.44%	226,207	0.44%	21,632,443	42.12%	0 *	0.00%	51,357,316
Dec-09	40,156,603	63.60%	1,701,191	2.69%	19,273,309	30.53%	2,007,371	3.18%	63,138,474
Totals	381,926,460	59.43%	6,151,765	0.96%	232,080,879	36.12%	22,436,634	3.49%	642,595,738

* **Notes:** In October 2009, the V.C. Summer Nuclear Plant was taken offline for repairs and to begin refueling.
In November 2009, the V.C. Summer Nuclear Plant was offline for refueling for the entire month.

South Carolina Electric & Gas Company
Cost of Fuel
January 2009 - December 2009
Docket No. 2010-2-E

<u>Month</u>	<u>Total Cost of Fuel Burned</u>	<u>Purchased and Interchange Power Fuel Costs</u>	<u>Fuel Cost Recovered from Intersystem Sales</u>	<u>Total Fuel Costs</u>
	\$	\$	\$	\$
Jan-09	52,884,604	17,931,006	(2,752,076)	68,063,534
Feb-09	42,572,180	14,716,120	(1,549,039)	55,739,261
Mar-09	44,358,575	9,825,678	(1,399,228)	52,785,025
Apr-09	35,788,508	13,395,550	(1,891,899)	47,292,159
May-09	45,168,136	14,674,933	(1,629,326)	58,213,743
Jun-09	63,934,845	14,923,596	(3,366,179)	75,492,262
Jul-09	62,502,586	15,051,346	(2,433,218)	75,120,714
Aug-09	61,961,887	16,263,564	(2,653,529)	75,571,922
Sep-09	56,111,872	5,287,211	(1,151,636)	60,247,447
Oct-09	62,816,755	9,532,119	(961,531)	71,387,343
Nov-09	51,357,316	16,193,310	(521,563)	67,029,063
Dec-09	63,138,474	18,421,699	(1,843,976)	79,716,197
Totals	642,595,738	166,216,132	(22,153,200)	786,658,670

South Carolina Electric & Gas Company
Computation of Unbilled Revenue
January 2009 - April 2010
Docket No. 2010-2-E

	-----ACTUAL-----							
	January 2009	February 2009	March 2009	April 2009	May 2009	June 2009	July 2009	August 2009
Fossil Fuel (\$)	50,596,610	40,504,425	42,068,981	33,572,030	42,881,069	61,723,257	60,219,289	59,679,987
Nuclear Fuel (\$)	2,287,994	2,067,755	2,289,594	2,216,478	2,287,067	2,211,588	2,283,297	2,281,900
Purchased & Interchange Power Fuel (\$)	17,931,006	14,716,120	9,825,678	13,395,550	14,674,933	14,923,596	15,051,346	16,263,564
Total Cost of Fuel Burned (\$)	70,815,610	57,288,300	54,184,253	49,184,058	59,843,069	78,858,441	77,553,932	78,225,451
Less: Fuel Cost Recovered Intersystem Sales (\$)	2,752,076	1,549,039	1,399,228	1,891,899	1,629,326	3,366,179	2,433,218	2,653,529
Total Fuel Costs (\$)	68,063,534	55,739,261	52,785,025	47,292,159	58,213,743	75,492,262	75,120,714	75,571,922
Total System KWH Sales Excluding Intersystem Sales	1,881,237,864	1,875,077,110	1,791,560,771	1,553,180,174	1,630,967,407	2,048,236,625	2,355,499,596	2,197,976,004
Fuel Cost Per KWH Sales (\$/KWH)	0.036180	0.029726	0.029463	0.030449	0.035693	0.036857	0.031892	0.034383
Less: Base Cost Per KWH Included in Rates (\$/KWH)	0.032910	0.032910	0.032910	0.032910	0.036210	0.036210	0.036210	0.036210
Fuel Adjustment Per KWH (\$/KWH)	(0.00327)	0.00318	0.00345	0.00246	0.00052	(0.00065)	0.00432	0.00183
Unbilled Revenue KWH Sales	1,752,090,129	1,762,238,114	1,682,256,858	1,450,389,593	1,520,023,648	1,911,559,144	2,215,661,700	2,053,795,862
Deferred Fuel Entry (\$)	(5,729,335)	5,603,917	5,803,786	3,567,958	790,412	(1,242,513)	9,571,659	3,758,446
Cumulative Over/(Under) Recovery -December 2008 (\$)	(130,199,721)							
Monthly Carrying Cost Collected (\$)	(1)	-	-	-	(141,391)	(155,555)	(153,332)	(145,591)
Less: Fixed Capacity Charges & Cost Allocation Adj.(\$)	(2)	1,785,357	1,785,357	1,785,357	1,785,357	1,785,357	1,785,357	1,785,357
Company Accounting Adjustments (\$)	(3)		(2,020,485) (A)					
Co.'s Unbilled Fuel Cost Over/(Under)Recovery Adj. (\$)	(4)			(3,671,609)	6,543,828	3,756,977	(4,518,088)	3,027,813
Cumulative Over/(Under) Recovery (\$)		(134,143,699)	(126,754,425)	(121,185,767)	(119,504,061)	(110,525,855)	(99,695,993)	(91,269,968)

*Explanations of Adjustments (1) through (5) on Audit Exhibit RAL-6 are included in the testimony of Robert A. Lawyer.

South Carolina Electric & Gas Company
Computation of Unbilled Revenue
January 2009 - April 2010
Docket No. 2010-2-E

	-----ACTUAL-----				-----ESTIMATED-----			
	September 2009	October 2009	November 2009	December 2009	January 2010	February 2010	March 2010	April 2010
Fossil Fuel (\$)	53,900,189	62,524,848	51,357,316	61,131,103	58,865,000	49,077,000	46,679,000	42,158,000
Nuclear Fuel (\$)	2,211,683	291,907	-	2,007,371	3,490,000	3,145,000	3,490,000	3,373,000
Purchased & Interchange Power Fuel (\$)	5,287,211	9,532,119	16,193,310	18,421,699	13,694,000	12,461,000	13,099,000	12,238,000
Total Cost of Fuel Burned (\$)	61,399,083	72,348,874	67,550,626	81,560,173	76,049,000	64,683,000	63,268,000	57,769,000
Less: Fuel Cost Recovered Intersystem Sales (\$)	1,151,636	961,531	521,563	1,843,976	2,133,000	1,877,000	906,000	510,000
Total Fuel Costs (\$)	60,247,447	71,387,343	67,029,063	79,716,197	73,916,000	62,806,000	62,362,000	57,259,000
Total System KWH Sales Excluding Intersystem Sales	2,076,260,611	1,816,391,238	1,534,907,596	1,772,767,076	1,947,100,000	1,856,200,000	1,748,300,000	1,634,700,000
Fuel Cost Per KWH Sales (\$/KWH)	0.029017	0.039302	0.043670	0.044967	0.037962	0.033836	0.035670	0.035027
Less: Base Cost Per KWH Included In Rates (\$/KWH)	0.036210	0.036210	0.036210	0.036210	0.036210	0.036210	0.036210	0.036210
Fuel Adjustment Per KWH	0.00719	(0.00309)	(0.00746)	(0.00876)	(0.00175)	0.00237	0.00054	0.00118
Unbilled Revenue KWH Sales	1,957,149,577	1,709,579,181	1,432,716,464	1,645,923,246	1,846,800,000	1,768,300,000	1,662,700,000	1,553,700,000
Deferred Fuel Entry (\$)	14,071,905	(5,282,600)	(10,688,065)	(14,418,288)	(3,231,900)	4,190,871	897,858	1,833,366
August 2009 - (pg.1 of 2) (\$)	(91,269,968)							
Monthly Carrying Cost Collected (\$)	(1)	(138,840)	(140,568)	(120,063)	(137,521)	(137,521)	(137,521)	(114,905)
Less: Fixed Capacity Charges & Cost Allocation Adj.(\$)	(2)	1,785,357	1,785,357	1,785,357	1,785,357	1,785,357	1,785,357	1,785,357
Company Accounting Adjustments (\$)	(3)	(302,161) (B)	77,827 (C)	13,583,360 (D)				17,388,364 (E)
Co.'s Unbilled Fuel Cost Over(Under)Recovery Adj. (\$)	(4)	(4,447,024)	(4,728,911)	2,683,941	538,449	(3,936,277)	(1,624,719)	(1,673,568)
ORS Adjustments	(5)			439,659				
Cumulative Over(Under) Recovery (\$)		(80,300,731)	(88,667,453)	(89,477,296)	(90,522,911)	(88,620,481)	(87,699,506)	(68,480,892)

*Explanations of Adjustments (1) through (5) on Audit Exhibit RAL-6 are included in the testimony of Robert A. Lawyer.

Cumulative Over(Under) Base Fuel Component (\$)	(89,477,296)	(68,480,892)
(per Audit Exhibit RAL-6)		
Cumulative Over(Under) Environmental Component (\$)	13,544,222	11,945,484
(per Audit Exhibit RAL-8)		
Net Cumulative Base Fuel and Environmental Components (\$)	(75,933,074)	(56,535,408)
Over(Under)- Recovery Balances		

South Carolina Electric & Gas Company
 Total Environmental Costs
 January 2009 - December 2009
 Docket No. 2010-2-E

Used for Environmental Cost Factor:

Total
Environmental
Costs

<u>Month</u>	<u>SO2 Emissions Allowance</u>		<u>NOx Emissions Allowance</u>		<u>Lime/Limestone</u>		<u>Ammonia</u>		
	\$	%	\$	%	\$	%	\$	%	\$
Jan-09	427,855	43.03%	0	0.00%	276,145	27.77%	290,400	29.20%	994,400
Feb-09	302,676	32.50%	2,215	0.24%	307,525	33.01%	319,009	34.25%	931,425
Mar-09	230,471	32.69%	0	0.00%	326,980	46.37%	147,649	20.94%	705,100
Apr-09	348,028	66.26%	0	0.00%	35,351	6.73%	141,847	27.01%	525,226
May-09	401,246	45.92%	10,635	1.22%	291,082	33.31%	170,790	19.55%	873,753
Jun-09	529,810	48.44%	20,704	1.89%	315,302	28.83%	227,888	20.84%	1,093,704
Jul-09	476,914	40.33%	17,692	1.50%	319,095	26.99%	368,676	31.18%	1,182,377
Aug-09	491,279	43.33%	19,335	1.71%	326,714	28.82%	296,423	26.14%	1,133,751
Sep-09	385,286	45.03%	13,981	1.63%	318,584	37.24%	137,758	16.10%	855,609
Oct-09	387,075	38.87%	0	0.00%	408,187	40.99%	200,626	20.14%	995,888
Nov-09	296,243	33.68%	0	0.00%	316,254	35.95%	267,139	30.37%	879,636
Dec-09	555,191	40.47%	0	0.00%	517,744	37.74%	298,821	21.79%	1,371,756
Totals	\$ 4,832,074	41.86%	\$ 84,562	0.73%	\$ 3,758,963	32.57%	\$ 2,867,026	24.84%	\$ 11,542,625

South Carolina Electric & Gas Company
Details of Environmental Costs
January 2009 - April 2010
Docket No. 2010-2-E

	Actual							
	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09
Environmental Costs Incurred								
SO2 Emissions Allowances (\$)	427,855	302,676	230,471	348,028	401,246	529,810	476,914	491,279
NOx Emissions Allowances (\$)	-	2,215	-	-	10,635	20,704	17,692	19,335
Limestone (\$)	276,145	307,525	326,980	35,351	291,082	315,302	319,095	326,714
Ammonia (\$)	290,400	319,009	147,649	141,847	170,790	227,888	368,676	296,423
Sub-Total (\$)	994,400	931,425	705,100	525,226	873,753	1,093,704	1,182,377	1,133,751
Less: Environ. Costs Recovered in Inter-Company Sales (\$)	7,890	367	5,493	6,251	4,049	20,765	6,405	4,696
Net Environmental Costs (\$)	986,510	931,058	699,607	518,975	869,704	1,072,939	1,175,972	1,129,055
Retail Allocation Factor of Total Environmental Costs (%)	94.46%	94.46%	94.46%	94.46%	94.46%	94.46%	94.46%	94.46%
Retail Share of Total Environmental Costs (\$)	931,857	879,477	660,849	490,224	821,522	1,013,498	1,110,823	1,066,505
Amounts Billed to Retail Customers (\$)	1,320,621	1,355,466	1,256,524	1,037,460	548,113	715,565	848,111	780,185
Over (Under) Recovery (\$)	388,764	475,989	595,675	547,236	(273,409)	(297,933)	(262,712)	(286,320)
Cumulative Over (Under) Recovery - December 2008 (\$)	14,512,678							
Company's Adjustments Over (Under) Recovery (\$) (1)		(187,303) (A)		39,372 (B)	36,481 (C)			
Company's Unbilled Fuel Cost Recov Adj. Over (Under) (\$ (2)				(437,804)	83,797	49,858	(56,538)	36,772
Cumulative Over (Under) Recovery (\$)	14,901,442	15,190,128	15,785,803	15,934,607	15,781,476	15,533,401	15,214,151	14,964,603

* Explanations of Adjustments (1) and (2) on Audit Exhibit RAL-8 are included in the testimony of Robert A. Lawyer.

South Carolina Electric & Gas Company
Details of Environmental Costs
January 2009 - April 2010
Docket No. 2010-2-E

	Actual				Estimated			
	<u>Sep-09</u>	<u>Oct-09</u>	<u>Nov-09</u>	<u>Dec-09</u>	<u>Jan-10</u>	<u>Feb-10</u>	<u>Mar-10</u>	<u>Apr-10</u>
<u>Environmental Costs Incurred</u>								
SO2 Emissions Allowances (\$)	385,286	387,075	296,243	555,191	444,784	346,164	412,585	399,858
NOx Emissions Allowances (\$)	13,981	-	-	-	-	-	-	-
Limestone (\$)	318,584	408,187	316,254	517,744	485,326	297,922	549,580	41,471
Ammonia (\$)	137,758	200,626	267,139	298,821	230,757	264,630	310,580	180,876
Sub-Total (\$)	855,609	995,888	879,636	1,371,756	1,160,867	908,716	1,272,745	622,205
Less: Environ. Costs Recovered in Inter-Company Sales (\$)	20	-	310	870	5,950	5,140	2,760	2,370
Net Environmental Costs (\$)	855,589	995,888	879,326	1,370,886	1,154,917	903,576	1,269,985	619,835
Retail Allocation Factor of Total Environmental Costs (%)	94.46%	94.46%	94.46%	94.46%	96.19%	96.19%	96.19%	96.19%
Retail Share of Total Environmental Costs (\$)	808,189	940,716	830,611	1,294,939	1,110,915	869,150	1,221,599	596,219
Amounts Billed to Retail Customers (\$)	<u>730,931</u>	<u>624,924</u>	<u>512,669</u>	<u>612,394</u>	<u>705,024</u>	<u>670,210</u>	<u>613,066</u>	<u>557,255</u>
Over (Under) Recovery (\$)	(77,258)	(315,792)	(317,942)	(682,545)	(405,891)	(198,940)	(608,533)	(38,964)
Cumulative Over (Under) Recovery August 2009 (\$) (p.1 of 2)	14,964,603							
Company's Adjustments Over (Under) Recovery (\$) (1)								
Company's Unbilled Fuel Cost Recov Adj. Over (Under) (\$) (2)	<u>(58,814)</u>	<u>(59,857)</u>	<u>36,510</u>	<u>55,317</u>	<u>6,776</u>	<u>(51,375)</u>	<u>(23,074)</u>	<u>(278,737)</u>
Cumulative Over (Under) Recovery (\$)	<u>14,828,531</u>	<u>14,452,882</u>	<u>14,171,450</u>	<u>13,544,222</u>	<u>13,145,107</u>	<u>12,894,792</u>	<u>12,263,185</u>	<u>11,945,484</u>

* Explanations of Adjustments (1) and (2) on Audit Exhibit RAL-8 are included in the testimony of Robert A. Lawyer.